

IN THE SPECIFICATION

Please replace the paragraph beginning at page 1, line 17, with the following rewritten paragraph:

The digital video signals, supplied from these sources, are routinely compressed under the MPEG (Moving Picture Experts Group) 2 system. In a recording apparatus, a recording rate proper to the apparatus is set. If digital video signals of the digital broadcast are recorded in the conventional image storage mediums for domestic use, digital video signals are first decoded and subsequently bandwidth-limited for recording. In the case of the digital recording system, including, of course, the MPEG1 Video, MPEG2 video and DV system, digital video signals are first decoded and subsequently re-encoded in accordance with ~~for~~ the recording rate and the encoding system proper to the apparatus for subsequent recording.

Please replace the paragraph beginning at page 14, line 8, with the following rewritten paragraph:

Of the stream (information) extracted by the demultiplexer 26, the video stream is output to the AV decoder 27, while the audio stream and the system information are output to the multiplexer 16. The AV decoder 27 decodes the input video stream to output the reproduced video stream to the AV encoder 15, which then ~~output~~ outputs the encoded video stream V to the multiplexer 16.

Please replace the paragraph beginning at page 18, line 17, with the following rewritten paragraph:

When the user ~~desired~~ desires to erase a portion of the AV stream recorded on the recording medium 100, the information pertinent to the IN-point and the OUT-point of the erasure domain is input to the controller 23, which controller 23 then modifies the database of the PlayList so as to refer to only the needed AV streams. The controller 23 also commands the write unit 22 to erase an unneeded stream portion of the AV stream.

Please replace the paragraph beginning at page 35, line 11; with the following rewritten paragraph:

Referring to the flowchart of FIG. 30, creation of a mark thumbnail is explained. At step S1, the user selects the PlayList desired to be reproduced. At step S2, an AV stream starts to be reproduced, based on the selected PlayList. At step S3, the user views the AV stream being reproduced to search a scene desired to be marked. If the user has succeeded in searching the scene to be marked, ~~the he~~ or she acts on a mark button of a remote controller, not shown, annexed to the recording and/or reproducing apparatus 1. This operation may be made during playback or during pause.

Please replace the paragraph beginning at page 36, line 18, with the following rewritten paragraph:

Referring to the flowchart of FIG. 31, the method for creating a menu thumbnail is explained. Since the menu thumbnail is assigned to the Volume or to each PlayList, the

controller 23 at step S21 allows the user to select the object to which to afford the menu thumbnail. At step s22 S22, the controller 23 allows the user to select whether a thumbnail is to be captured from outside or from a scene in the PlayList.